

SCOTT COUNTY HOSPITAL, INC.

FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

with

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2015 AND 2014

George, Bowerman & Noel, P.A.

Certified Public Accountants

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's discussion and analysis	3
Financial statements:	
Balance sheets	7
Statements of revenues, expenses, and changes in net position	9
Statements of cash flows	10
Notes to financial statements	12
Additional information:	
Patient service revenue	21
Operating expenses by functional division	22

George, Bowerman & Noel, P.A.

Certified Public Accountants

Business Consultants

Tax Advisors

Epic Center • 301 N. Main, Suite 1350 • Wichita, Kansas 67202 • Telephone (316) 262-6277 • Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Scott County Hospital, Inc.
Scott City, Kansas

Report on the Financial Statements

We have audited the accompanying balance sheets of Scott County Hospital, Inc. (the Hospital), a component unit of Scott County, Kansas as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the provisions of the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scott County Hospital, Inc. as of June 30, 2015 and 2014, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Additional Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were made for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

George, Baumann & Noel, P.A.

Wichita, Kansas
January 22, 2016

SCOTT COUNTY HOSPITAL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Scott County Hospital, Inc.'s (Hospital) management discussion and analysis presents an overview of the Hospital's financial activities for the fiscal years ended June 30, 2015 and 2014. Please read it in conjunction with the Hospital's financial statements, which begin on page 7.

Financial Highlights

- Current assets decreased by \$161,620 or 2% in 2015 and increased by \$215,733 or 2% in 2014.
- The Hospital's net position decreased by \$1,901,459 or 6% in 2015 and by \$1,515,105 or 5% in 2014.
- The Hospital's net patient service revenue increased by \$1,071,635 or 7% in 2015 and by \$1,083,445 or 7% in 2014.
- Contractual allowances, bad debts and charity care reduced gross patient service revenue by \$8,705,655 or 33% of gross patient service revenue in 2015 and by \$7,316,900 or 31% of gross patient service revenue in 2014.
- The Hospital reported an operating loss of \$2,535,722 and \$1,965,894 in 2015 and 2014, respectively.

Financial Statements

The Hospital's financial statements are prepared using proprietary fund accounting that focuses on the determination of net position, changes in net position, and cash flows in a manner similar to private-sector businesses. The basic financial statements include a *balance sheet*, *statement of revenue, expenses and changes in net position*, and *statement of cash flows*, followed by notes to the financial statements and schedules of certain additional information. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *balance sheet* presents information on the Hospital's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Hospital is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents both the operating revenues and expenses and nonoperating revenues and expenses along with other changes in net position for the year. This statement is an indication of the success of the Hospital's operations over the past year.

The *statement of cash flows* presents the change in cash and cash equivalents for the year resulting from operating activities, noncapital financing activities, capital and related financing activities and investing activities. The primary purpose of this statement is to provide information about the Hospital's cash receipts and cash payments during the year.

Net Position

The Hospital's net position is the difference between its assets and deferred outflows of resources and its liabilities and deferred inflows of resources reported in the Balance Sheets on pages 7 and 8.

	June 30,		
	2015	2014	2013
Assets:			
Current assets	\$ 9,027,820	\$ 9,189,440	\$ 8,973,707
Capital assets, net	21,626,265	23,071,848	24,384,872
Other noncurrent assets	—	143,946	137,518
Total assets	<u>\$ 30,654,085</u>	<u>\$ 32,405,234</u>	<u>\$ 33,496,097</u>
Liabilities:			
Long-term liabilities	\$ —	\$ —	\$ —
Other liabilities	2,139,866	1,989,556	1,565,314
Total liabilities	<u>\$ 2,139,866</u>	<u>\$ 1,989,556</u>	<u>\$ 1,565,314</u>
Net position:			
Net investment in capital assets	\$ 21,626,265	\$ 23,071,848	\$ 24,384,872
Restricted	24,810	16,854	29,699
Unrestricted	6,863,144	7,326,976	7,516,212
Total net position	<u>\$ 28,514,219</u>	<u>\$ 30,415,678</u>	<u>\$ 31,930,783</u>

Recent Financial Performance

The schedule below is a summary of the Hospital's revenues, expenses and changes in net position for the past three years.

	Year ended June 30,		
	2015	2014	2013
Operating revenue	<u>\$ 17,802,364</u>	<u>\$ 16,678,062</u>	<u>\$ 15,563,526</u>
Operating expenses:			
Salaries	10,017,291	9,466,810	8,218,510
Employee benefits	2,450,720	2,181,028	1,945,449
Supplies and other	5,827,591	5,086,964	4,550,303
Depreciation and amortization	2,042,484	1,909,154	1,893,407
Total operating expenses	<u>20,338,086</u>	<u>18,643,956</u>	<u>16,607,669</u>
Operating loss	<u>(2,535,722)</u>	<u>(1,965,894)</u>	<u>(1,044,143)</u>
Nonoperating revenues (expenses):			
Taxes	331,962	371,177	350,970
Investment income	23,872	35,518	36,183
Interest expense	—	—	—
Grants and contributions – Noncapital	49,481	44,611	68,106
Gain (loss) on sale of capital assets	—	(517)	39,308
Total nonoperating revenues	<u>405,315</u>	<u>450,789</u>	<u>494,567</u>
Excess of expenses over revenues before capital grants and contributions	<u>(2,130,407)</u>	<u>(1,515,105)</u>	<u>(549,576)</u>
Grants and contributions for capital assets	<u>228,948</u>	<u>—</u>	<u>1,452,561</u>
Increase (decrease) in net position	<u>\$ (1,901,459)</u>	<u>\$ (1,515,105)</u>	<u>\$ 902,985</u>
Net position at end of year	<u>\$ 28,514,219</u>	<u>\$ 30,415,678</u>	<u>\$ 31,930,783</u>

Operating Income (Loss)

The first component of the overall change in the Hospital's net position is its operating income (loss)—generally, the difference between net patient service revenue and the expenses incurred to perform those services. The Hospital reported an operating loss of \$2,535,722 and \$1,965,894 in 2015 and 2014, respectively.

The primary components of the operating loss in 2015 are:

- An increase in net patient service revenue of \$1,071,635 or 7%. The increase is primarily related to increases in service levels for the clinic, pharmacy, ultrasound, and laboratory.
- Salaries and benefit expenses increased by \$550,481 and \$269,692 or 6% and 12%, respectively. These increases are due primarily to the addition of new employees to provide for the continued increase service levels.
- Supplies and other expenses increased by \$740,627 or 15% with the increases incurred primarily in the clinic, health information, pharmacy, operating room, and respiratory therapy.
- Depreciation expense increased by \$133,330 or 7% primarily due to additions for electronic health records hardware and software systems in the health information department.

The primary components of the operating loss in 2014 are:

- An increase in net patient service revenue of \$1,083,445 or 7%. The increase is primarily related to increases in service levels for imaging, therapy, and laboratory services as well as the addition of a sleep study department.
- Salaries and benefit expenses increased by \$1,248,300 and \$235,579 or 15% and 12%, respectively. These increases are due primarily to the addition of new employees to provide for the increased service levels.

The rate of healthcare inflation has a direct effect on the cost of services provided by the Hospital. A component of the Hospital's costs are expenses for medical supplies and prescription drugs. Some of the major factors contributing to the increased medical supply and drug costs include the introduction of new drugs that cannot be obtained in generic form, and changes in therapeutic mix.

Nonoperating Revenues and Expenses

The primary components of nonoperating revenues and expenses are tax revenues, investment income, and grants and contributions. The nonoperating revenues and expenses increased approximately \$184,000 in 2015 over 2014 primarily due to contributions received of approximately \$229,000 for the acquisition of a new MRI system and a decrease of approximately \$45,000 in tax revenues received.

The Hospital's Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating income and losses and nonoperating revenues and expenses, discussed earlier.

Capital Assets

The Hospital had \$21,626,265 and \$23,071,848 invested in capital assets, net of accumulated depreciation at June 30, 2015 and 2014, respectively, as detailed in Note 7 to the financial statements. The Hospital had expenditures for capital assets of \$596,901 and \$596,647 in 2015 and 2014, respectively.

Other Economic Factors

Management expects the current economic conditions to continue over the next year.

Issues Facing the Hospital

There are issues facing the Hospital that could result in material changes in its financial position in the long term. Among these issues are:

- **Risks related to Medicare and Medicaid reimbursement.** A significant portion of the Hospital's revenues are derived from the Medicare program, which provides certain healthcare benefits to beneficiaries who are over 65 years of age or disabled, and the Medicaid program, funded jointly by the federal government and the states, which provides medical assistance to certain needy individuals and families. The funding of these programs by the federal and state governments face increasing pressure due to the significant increases in the costs of providing healthcare services in recent years.
- **Healthcare reform.** In 2010, the federal government enacted sweeping new legislation that is significantly impacting virtually all aspects of the healthcare delivery and insurance systems in the nation. Portions of the legislation have been implemented in the last few years and much more will be implemented over the next several years. However, much of the detailed implementing regulations have not yet been issued and accordingly, any specific effects on operations of the Hospital are currently undeterminable. Management continues to closely monitor the progression of the implementation of the legislation.
- **Employment and labor issues.** The Hospital is a major employer within the community, employing a complex mix of professional, technical, clerical, maintenance, dietary, and other workers. Risks include personal tort actions, work-related injuries and exposure to hazardous materials. A relative shortage of nursing and other medical professional/technical employees within the state, is an issue that is causing salary and benefits costs to increase at significant rates.
- **Technology and services.** Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, and outpatient healthcare delivery may reduce utilization and revenues for the Hospital in the future. Technological advances continue to accelerate the need to acquire sophisticated and expensive equipment and services for diagnosis and treatment of illnesses and diseases.
- **Increasing numbers of uninsured and underinsured patients.** Due to the significant increases and high cost of healthcare insurance premiums in recent years, increasing numbers of patients of the Hospital are finding it more and more difficult to obtain or maintain adequate health insurance coverage. This trend could increase the levels of uncompensated care provided by the Hospital.

Contacting The Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hospital Administration Department, at Scott County Hospital, Inc., 301 Albert Avenue, Scott City, Kansas 67871.

SCOTT COUNTY HOSPITAL, INC.

BALANCE SHEETS

ASSETS

	June 30,	
	2015	2014
Current assets:		
Cash (Notes 1 and 3)	\$ 3,185,476	\$ 3,724,549
Assets limited as to use (Note 3)	24,810	16,854
Accounts receivable, net of allowance for doubtful accounts of \$1,110,278 in 2015 and \$868,572 in 2014 (Notes 1 and 4)	4,695,129	3,832,627
Employee receivables	52,264	78,753
Estimated third-party payor settlements (Note 2)	456,410	938,400
Inventories (Note 1)	507,344	493,317
Prepaid expenses and other	106,387	104,940
Total current assets	9,027,820	9,189,440
Other assets:		
Employee receivables	—	143,946
Property and equipment, at cost (Notes 1 and 7):		
Land	195,000	195,000
Land improvements	336,475	336,475
Buildings	11,302,070	11,302,070
Fixed equipment	11,402,492	11,402,492
Movable equipment	7,058,730	5,840,283
Construction in progress	—	621,546
Total property and equipment	30,294,767	29,697,866
Less accumulated depreciation	8,668,502	6,626,018
Property and equipment, net of accumulated depreciation	21,626,265	23,071,848
Total assets	\$ 30,654,085	\$ 32,405,234

The accompanying notes are an integral
part of the financial statements.

LIABILITIES AND NET POSITION

	June 30,	
	<u>2015</u>	<u>2014</u>
Current liabilities:		
Accounts payable	\$ 752,294	\$ 899,133
Salaries and payroll taxes payable	1,014,997	777,503
Compensated absences payable (Note 1)	<u>372,575</u>	<u>312,920</u>
Total current liabilities	<u>2,139,866</u>	<u>1,989,556</u>
 Total long-term liabilities	 <u>—</u>	 <u>—</u>
Total liabilities	<u>2,139,866</u>	<u>1,989,556</u>
 Net position (Notes 1 and 3):		
Investment in capital assets, net	21,626,265	23,071,848
Restricted for specific operating activities	24,810	16,854
Unrestricted	<u>6,863,144</u>	<u>7,326,976</u>
Total net position	<u>28,514,219</u>	<u>30,415,678</u>
Total liabilities and net position	<u>\$ 30,654,085</u>	<u>\$ 32,405,234</u>

SCOTT COUNTY HOSPITAL, INC.

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year ended June 30,	
	2015	2014
Operating revenues:		
Net patient service revenue (Note 1)	\$ 17,488,204	\$ 16,416,569
Outside services	109,733	102,890
Other	204,427	158,603
Total operating revenue	17,802,364	16,678,062
Operating expenses:		
Salaries	10,017,291	9,466,810
Employee benefits	2,450,720	2,181,028
Supplies and other	5,827,591	5,086,964
Depreciation and amortization (Note 1)	2,042,484	1,909,154
Total operating expenses	20,338,086	18,643,956
Operating loss	(2,535,722)	(1,965,894)
Nonoperating revenues (expenses):		
Tax revenues	331,962	371,177
Investment income	23,872	35,518
Noncapital grants and contributions	49,481	44,611
Gain (loss) on disposal of capital assets	—	(517)
Total nonoperating revenues	405,315	450,789
Excess of expenses over revenues before capital grants and contributions	(2,130,407)	(1,515,105)
Grants and contributions for capital assets	228,948	—
Decrease in net position	(1,901,459)	(1,515,105)
Net position at beginning of year	30,415,678	31,930,783
Net position at end of year	\$ 28,514,219	\$ 30,415,678

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY HOSPITAL, INC.

STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2015	2014
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 17,251,638	\$ 15,042,558
Payments to suppliers and contractors	(5,989,904)	(4,786,021)
Payments for salaries and employee benefits	(12,170,862)	(11,476,525)
Other receipts and payments, net	314,160	261,493
Net cash flows from operating activities	(594,968)	(958,495)
Cash flows from noncapital financing activities:		
Property taxes for operations	331,962	371,177
Grants and contributions	49,481	44,611
Net cash flows from noncapital financing activities	381,443	415,788
Cash flows from capital and related financing activities:		
Purchases of property and equipment	(596,901)	(596,647)
Grants and contributions for capital assets	228,948	—
Net cash flows from capital and related financing activities	(367,953)	(596,647)
Cash flows from investing activities:		
Net change in employee receivables	26,489	30,146
Investment income	23,872	35,518
Net cash flows from investing activities	50,361	65,664
Decrease in cash and cash equivalents	(531,117)	(1,073,690)
Cash and cash equivalents at beginning of year	3,741,403	4,815,093
Cash and cash equivalents at end of year	\$ 3,210,286	\$ 3,741,403
Reconciliation of cash and cash equivalents to balance sheets:		
Cash and cash equivalents in current assets	\$ 3,185,476	\$ 3,724,549
Cash and cash equivalents in assets limited as to use	24,810	16,854
Total cash and cash equivalents	\$ 3,210,286	\$ 3,741,403

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY HOSPITAL, INC.

STATEMENTS OF CASH FLOWS - continued

	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (2,535,722)	\$ (1,965,894)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	2,042,484	1,909,154
Bad debt expense	804,288	744,574
Net (increases) decreases in current assets:		
Accounts receivable	(1,522,844)	(2,023,381)
Inventories	(14,027)	(7,303)
Estimated third-party payor settlements	481,990	(95,204)
Other	(1,447)	55,317
Net increases (decreases) in current liabilities:		
Accounts payable	(146,839)	252,929
Salaries and payroll taxes payable	237,494	147,284
Compensated absences payable	<u>59,655</u>	<u>24,029</u>
Net cash from operating activities	<u>\$ (594,968)</u>	<u>\$ (958,495)</u>

SCOTT COUNTY HOSPITAL, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Hospital's financial statements. The financial statements and notes are representations of the Hospital's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and business activity

The Hospital is exempt from Federal income taxes under Section 501(c)(3) and is owned by Scott County, Kansas. The Hospital provides acute care, swing-bed, home health, rural health clinic, and outpatient services. The Board of County Commissioners appoints the members of the Board of Directors and a financial benefit or burden exists with Scott County. For these reasons, the Hospital is considered to be a component unit of Scott County, Kansas.

Enterprise fund accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

The Hospital prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating revenues and expenses

The Hospital's statement of revenues, expenses, and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Non-exchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisitions, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the statement of cash flows, the Hospital considers all highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

Patient accounts receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, payer mix trends, and existing economic conditions. As a service to patients, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are generally due in full when billed. If the patient is unable to pay the full amount at the time the patient is billed, the Hospital negotiates a payment plan whereby monthly payments are made by the patient on the account. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. If future actual default rates on accounts receivable differ from those currently anticipated, the Hospital may have to adjust its allowance for doubtful accounts, which would affect earnings in the period the adjustments are made.

Inventories

Inventories are stated at cost as determined by the first-in, first-out method.

Capital assets

The Hospital's capital assets that are \$5,000 or greater, are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using the following estimated useful lives:

	<u>Estimated useful lives</u>
Land improvements	10 - 28 years
Buildings	15 - 50 years
Fixed equipment.....	10 - 30 years
Movable equipment	5 - 21 years

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties. When depreciable property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected as non-operating revenue (expense).

Net patient service revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, per diem payments, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charity care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy based on current poverty level guidelines. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. The Hospital provided \$115,415 and \$84,565 of charity care for the years ended June 30, 2015 and 2014, respectively, estimated by multiplying the Hospital's cost to charge ratio by the gross uncompensated care charges associated with providing care to charity patients.

Compensated absences

Employees of the Hospital are entitled to paid time off depending on length of service and whether they are full or part time. Upon resignation, termination or retirement from service with the Hospital, employees are entitled to payment for all accrued paid time off, up to the allowable maximum. The Hospital accrues the paid time off benefits as earned.

Grants and contributions

From time to time, the Hospital receives grants and contributions from government agencies, private organizations, and individuals. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenue. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses. When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

Net position

Net position of the Hospital is classified into three components. *Investment in capital assets, net* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted for specific operating activities* are non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net position* are remaining assets less remaining liabilities and less deferred inflows of resources that do not meet the definition of *net investment in capital assets*.

Deferred inflows of resources/Deferred outflows of resources

Effective, July 1, 2012, the Hospital implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*. GASB Statement No. 63 provides guidance for reporting deferred inflows and deferred outflows of resources and GASB Statement No. 65 provides additional guidance on reclassifying, as deferred inflows of resources and deferred outflows of resources, certain items that were previously reported as assets and liabilities. Additionally, the term "net assets" was replaced with the term "net position".

A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. There were no items that met the definition of a deferred outflow or a deferred inflow of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee health benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years.

The Hospital pays fixed premiums for annual medical malpractice coverage under an occurrence-basis policy. The Hospital accrues the expenses of its share of malpractice claim costs, if any, of reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of any incident. Based on the Hospital's own claims experience, no accrual, for medical malpractice costs has been made in the accompanying financial statements.

The Hospital has implemented a partially self-funded insurance plan (Note 5) to administer its employee health insurance benefits. Liabilities under this plan are estimated based on settled claims, frequency of claims and other economic factors. Claims incurred, but not reported, are recorded as a portion of the estimated liability.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation. The reclassifications had no effect on the change in net position.

Subsequent events

Subsequent events have been evaluated through January 22, 2016, which is the date the financial statements were available to be issued.

2. ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

- **Medicare** – Inpatient and outpatient services are paid based on cost reimbursement methodologies. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and reviews thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's Medicare cost reports have been reviewed by the Medicare fiscal intermediary through June 30, 2013.
- **Medicaid** – Effective January 1, 2013, the Hospital is reimbursed under the State of Kansas KanCare program utilizing the Medicaid fee schedule plus a cost adjustment factor.

Approximately 54% and 51% of net patient service revenue is from participation in the Medicare program for the years ended June 30, 2015 and 2014, respectively. Laws and regulations governing the Medicare program are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other third-party payer programs. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and cost reimbursement.

3. CASH AND ASSETS WHOSE USE IS LIMITED

Cash and assets whose use is limited consisted of the following:

	June 30,	
	2015	2014
Unrestricted:		
Cash on hand	\$ 197	\$ 590
Demand deposit accounts	1,960,844	1,521,902
Money market accounts	535,247	1,065,172
Savings accounts	<u>689,188</u>	<u>1,136,885</u>
	<u>3,185,476</u>	<u>3,724,549</u>
Assets whose use is limited:		
Cash on hand	3,265	1,130
Money market accounts	<u>21,545</u>	<u>15,724</u>
	<u>24,810</u>	<u>16,854</u>
	<u>\$ 3,210,286</u>	<u>\$ 3,741,403</u>

Assets whose use is limited are restricted for the following purposes:

	June 30,	
	2015	2014
Emergency medical services	\$ 11,865	\$ 8,569
Indigent care	<u>12,945</u>	<u>8,285</u>
	<u>\$ 24,810</u>	<u>\$ 16,854</u>

Assets released from restrictions were as follows:

	Year ended June 30,	
	2015	2014
Emergency medical services	\$ 7,160	\$ 7,306
Hospital services and equipment	228,948	7,000
Indigent care	<u>9,865</u>	<u>19,735</u>
	<u>\$ 245,973</u>	<u>\$ 34,041</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Hospital's deposits may not be returned or the Hospital will not be able to recover collateral securities in the possession of an outside party. The Hospital's policy follows applicable State statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State statutes define the allowable pledged securities.

At June 30, 2015, the carrying amount of the Hospital's cash and investments on deposit was \$3,206,824 with the bank balances of such accounts being \$3,239,685. Of the bank balances, \$750,030 was secured by federal depository insurance and \$2,489,655 was covered by collateral held by the Hospital's custodial banks in joint custody in the name of the Hospital and its banks. The fair value of the pledged securities held by the Hospital's custodial banks was \$3,680,880 at June 30, 2015.

The remaining carrying amount of the Hospital's cash and investments at June 30, 2015 consisted of cash on hand of \$3,462.

3. CASH AND ASSETS WHOSE USE IS LIMITED (continued)

Investment policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Hospital's investing activities are managed under the custody of the Hospital Chief Executive Officer. Investing is performed in accordance with investment policies adopted by the Board of Directors and in compliance with State statutes.

Applicable state statutes authorize the Hospital to invest in (1) temporary notes or no-fund warrants issued by the Hospital; (2) savings deposits, time deposits, open accounts or certificates of deposit or time certificates with maturities of not more than two years, in commercial banks, savings and loan associations and savings banks; (3) repurchase agreements with commercial banks, savings and loan associations and savings banks; (4) United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding two years; and (5) the municipal investment pool maintained by the State Treasurer's office.

4. CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross accounts receivable from patients and third-party payors was as follows:

	June 30,	
	2015	2014
Medicare	39%	39%
Medicaid	4	4
Blue Cross	23	19
Commercial	10	10
Self pay	24	28
	<u>100%</u>	<u>100%</u>

5. EMPLOYEE HEALTH CLAIMS

Prior to October 1, 2013 all of the Hospital's employees and their dependents were eligible to participate in the Hospital's self-insured employee health, pharmacy and dental plans. The Hospital was self-insured for health, pharmacy and dental claims of participating employees and dependents up to certain individual or family annual aggregate amounts, with commercial stop-loss insurance coverage purchased for claims in excess of the aggregate annual amount.

For the period from October 1, 2013 through September 30, 2014, the self-insured plan was terminated and the employee health, pharmacy and dental coverage was provided under a policy with a commercial insurance company.

Effective October 1, 2014, a self-insured plan was reinstituted to provide the health, pharmacy and dental coverage of participating employees and dependents up to certain individual or family annual aggregate amounts, with commercial stop-loss insurance coverage purchased for claims in excess of the aggregate annual amount.

At each fiscal year end a provision is accrued for self-insured claims for both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors.

5. EMPLOYEE HEALTH CLAIMS (continued)

Activity in the Hospital's self-insured employee health claims liability during fiscal 2015 and 2014 is summarized as follows:

	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ —	\$ 99,366
Current year claims incurred and changes in estimates for claims incurred in prior years:		
Employer portion	827,091	137,380
Employee portion	189,698	39,146
Claims and expenses paid	<u>(854,217)</u>	<u>(275,892)</u>
Balance, end of year	<u>\$ 162,572</u>	<u>\$ —</u>

6. EMPLOYEE RETIREMENT PLAN

The Hospital maintains a salary deferral retirement plan under Section 401(k) of the Internal Revenue Code. Under the plan, the Hospital is required to contribute three percent of eligible employees compensation for the plan year. The plan also authorizes a discretionary profit sharing contribution the amount of which is determined at the sole discretion of the Hospital's Board of Directors on an annual basis. Benefits vest after two years of service with 100% vesting after six years of service.

The total cost of the plan was \$610,263 and \$422,290 for 2015 and 2014, respectively.

7. CAPITAL ASSETS

Capital asset additions, disposals, and balances for the years ended June 30, 2015 and 2014 were as follows:

	<u>Balance At June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance At June 30, 2015</u>
Capital assets not being depreciated:					
Land	\$ 195,000	\$ —	\$ —	\$ —	\$ 195,000
Construction in progress	<u>621,546</u>	<u>—</u>	<u>—</u>	<u>(621,546)</u>	<u>—</u>
Total capital assets not being depreciated	<u>816,546</u>	<u>—</u>	<u>—</u>	<u>(621,546)</u>	<u>195,000</u>
Capital assets being depreciated:					
Land improvements	336,475	—	—	—	336,475
Buildings	11,302,070	—	—	—	11,302,070
Fixed equipment	11,402,492	—	—	—	11,402,492
Movable equipment	<u>5,840,283</u>	<u>596,901</u>	<u>—</u>	<u>621,546</u>	<u>7,058,730</u>
Total capital assets being depreciated	<u>28,881,320</u>	<u>596,901</u>	<u>—</u>	<u>621,546</u>	<u>30,099,767</u>

7. CAPITAL ASSETS (continued)

	Balance At June 30, 2014	Additions	Disposals	Transfers	Balance At June 30, 2015
Less accumulated depreciation for:					
Land improvements	\$ 92,106	\$ 31,390	\$ —	\$ —	\$ 123,496
Buildings	1,375,623	558,371	—	—	1,933,994
Fixed equipment	1,681,930	730,756	—	—	2,412,686
Movable equipment	<u>3,476,359</u>	<u>721,967</u>	<u>—</u>	<u>—</u>	<u>4,198,326</u>
Total accumulated depreciation	<u>6,626,018</u>	<u>2,042,484</u>	<u>—</u>	<u>—</u>	<u>8,668,502</u>
Total capital assets being depreciated, net	<u>22,255,302</u>	<u>(1,445,583)</u>	<u>—</u>	<u>621,546</u>	<u>21,431,265</u>
Total capital assets, net	<u>\$ 23,071,848</u>	<u>\$ (1,445,583)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 21,626,265</u>
	Balance At June 30, 2013	Additions	Disposals	Transfers	Balance At June 30, 2014
Capital assets not being depreciated:					
Land	\$ 195,000	\$ —	\$ —	\$ —	\$ 195,000
Construction in progress	<u>332,240</u>	<u>391,637</u>	<u>—</u>	<u>(102,331)</u>	<u>621,546</u>
Total capital assets not being depreciated	<u>527,240</u>	<u>391,637</u>	<u>—</u>	<u>(102,331)</u>	<u>816,546</u>
Capital assets being depreciated:					
Land improvements	336,475	—	—	—	336,475
Buildings	11,275,756	26,314	—	—	11,302,070
Fixed equipment	11,402,492	—	—	—	11,402,492
Movable equipment	<u>5,604,616</u>	<u>178,696</u>	<u>(45,360)</u>	<u>102,331</u>	<u>5,840,283</u>
Total capital assets being depreciated	<u>28,619,339</u>	<u>205,010</u>	<u>(45,360)</u>	<u>102,331</u>	<u>28,881,320</u>
Less accumulated depreciation for:					
Land improvements	52,522	39,584	—	—	92,106
Buildings	817,683	557,940	—	—	1,375,623
Fixed equipment	950,764	731,166	—	—	1,681,930
Movable equipment	<u>2,940,738</u>	<u>580,464</u>	<u>(44,843)</u>	<u>—</u>	<u>3,476,359</u>
Total accumulated depreciation	<u>4,761,707</u>	<u>1,909,154</u>	<u>(44,843)</u>	<u>—</u>	<u>6,626,018</u>
Total capital assets being depreciated, net	<u>23,857,632</u>	<u>(1,704,144)</u>	<u>(517)</u>	<u>—</u>	<u>22,255,302</u>
Total capital assets, net	<u>\$ 24,384,872</u>	<u>\$ (1,312,507)</u>	<u>\$ (517)</u>	<u>\$ —</u>	<u>\$ 23,071,848</u>

8. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the Hospital is required to allow qualifying retirees to participate in the group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the Hospital is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of the subsidy, if any, has not been quantified in these financial statements and management believes any impact on the financial statements is not significant.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Hospital makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the Hospital under this plan.

ADDITIONAL INFORMATION

SCOTT COUNTY HOSPITAL, INC.

PATIENT SERVICE REVENUE

	Year ended June 30,				
	2015				2014
	Inpatient	Outpatient	Swing Bed	Total	Total
Routine service	\$ 1,626,656	\$ 268,569	\$ 1,039,808	\$ 2,935,033	\$ 2,807,901
Nursery	88,023	—	—	88,023	103,395
Operating room	383,383	1,118,633	18,692	1,520,708	1,403,930
Delivery room	61,868	—	—	61,868	89,672
Anesthesiology	148,546	619,153	16,936	784,635	700,025
Radiology	78,353	723,283	22,193	823,829	547,467
MRI	29,515	470,603	10,089	510,207	458,597
CT scan	197,368	1,309,075	20,407	1,526,850	1,580,788
Nuclear medicine	7,112	340,472	2,763	350,347	363,672
Ultrasound	111,014	749,691	12,159	872,864	353,151
Sleep study	—	247,800	—	247,800	144,200
Laboratory	529,774	3,099,863	198,361	3,827,998	3,348,817
Blood administration	17,837	12,912	2,321	33,070	80,113
Respiratory therapy	497,984	129,778	462,037	1,089,799	876,945
Physical therapy	49,792	890,858	182,084	1,122,734	854,436
Occupational therapy	27,494	132,706	95,701	255,901	202,583
Speech therapy	1,396	3,070	3,326	7,792	5,398
Electrocardiology	43,190	236,483	5,587	285,260	813,591
Medical supplies	193,702	306,384	66,502	566,588	718,129
Pharmacy	723,322	1,501,643	532,370	2,757,335	2,573,492
Treatment room	13,660	466,604	4,692	484,956	480,220
Specialty clinics	—	409,301	1,394	410,695	418,345
Emergency room	93,602	921,855	—	1,015,457	838,754
Clinic	11,782	3,764,033	760	3,776,575	3,236,873
Cardiac rehabilitation	—	176,134	—	176,134	166,962
Durable medical equipment	—	309,202	—	309,202	273,309
Home health	—	95,937	—	95,937	82,758
Ambulance	45,861	196,063	14,338	256,262	209,946
	<u>\$ 4,981,234</u>	<u>\$ 18,500,105</u>	<u>\$ 2,712,520</u>	26,193,859	23,733,469
Contractual adjustments				(7,752,722)	(6,464,676)
Charity care				(148,645)	(107,650)
Bad debts				<u>(804,288)</u>	<u>(744,574)</u>
Net patient service revenue				<u>\$ 17,488,204</u>	<u>\$ 16,416,569</u>

SCOTT COUNTY HOSPITAL, INC.
OPERATING EXPENSES BY FUNCTIONAL DIVISION

	Year ended June 30, 2015					
	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies and other</u>	<u>Deprec- iation</u>	<u>Total</u>	<u>% of total operating expenses</u>
Routine services:						
Acute and swing bed	\$ 1,425,740	\$ 304,095	\$ 299,093	\$ 85,152	\$ 2,114,080	10.39%
Nursery	<u>1,853</u>	<u>308</u>	<u>7,392</u>	<u>551</u>	<u>10,104</u>	<u>.05</u>
Total routine services	<u>1,427,593</u>	<u>304,403</u>	<u>306,485</u>	<u>85,703</u>	<u>2,124,184</u>	<u>10.44</u>
Ancillary services:						
Operating room	331,169	101,193	291,073	130,080	853,515	4.20
Delivery room	37,430	8,983	9,640	6,303	62,356	.31
Anesthesia	487,697	97,771	67,022	24,888	677,378	3.33
Radiology	218,926	45,938	50,561	69,698	385,123	1.89
MRI	6,159	1,372	60,857	38,276	106,664	.52
CT scan	57,437	7,908	90,185	—	155,530	.76
Sleep study	58,184	13,776	28,758	12,499	113,217	.56
Nuclear medicine	26,935	4,136	113,178	—	144,249	.71
Ultrasound	72,929	17,398	14,242	20,331	124,900	.61
Laboratory	391,741	111,471	502,991	53,488	1,059,691	5.21
Blood administration	3	—	35,763	—	35,766	.18
Respiratory therapy	175,368	44,393	126,965	6,442	353,168	1.74
Physical therapy	324,621	86,503	17,157	681	428,962	2.11
Occupational therapy	75,787	12,011	34,056	—	121,854	.60
Speech therapy	—	—	8,423	—	8,423	.04
Electrocardiology	7,548	1,431	3,938	3,339	16,256	.08
Medical supplies	67,558	23,169	87,870	1,307	179,904	.88
Pharmacy	119,330	17,289	1,156,448	17,856	1,310,923	6.45
Treatment room	134,052	35,557	19,275	134	189,018	.93
Specialty clinics	78,177	19,944	12,727	700	111,548	.55
Emergency room	391,000	92,813	126,067	6,366	616,246	3.03
Clinic	2,839,778	593,127	567,925	54,273	4,055,103	19.94
Cardiac rehabilitation	42,244	12,944	2,430	8,933	66,551	.33
Durable medical equipment	86,355	16,903	135,682	292	239,232	1.18
Home health	68,599	19,004	7,654	1,309	96,566	.47
Ambulance	<u>101,466</u>	<u>17,420</u>	<u>30,687</u>	<u>1,565</u>	<u>151,138</u>	<u>.74</u>
Total ancillary services	<u>6,200,493</u>	<u>1,402,454</u>	<u>3,601,574</u>	<u>458,760</u>	<u>11,663,281</u>	<u>57.35</u>
General services:						
Nursing administration	113,856	28,794	5,170	—	147,820	.73
Operation of plant	116,369	30,676	505,325	2,113	654,483	3.22
Laundry	54,492	21,367	11,060	1,975	88,894	.44
Housekeeping	166,808	48,510	39,267	—	254,585	1.25
Nutritional services	206,615	56,114	231,477	2,975	497,181	2.44
Health information	425,830	135,404	319,569	130,483	1,011,286	4.97
Administration and general	1,162,682	289,879	733,948	39,796	2,226,305	10.95
Employee benefits	142,553	133,119	73,716	163	349,551	1.72
Depreciation-fixed equipment and buildings	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,320,516</u>	<u>1,320,516</u>	<u>6.49</u>
Total general services	<u>2,389,205</u>	<u>743,863</u>	<u>1,919,532</u>	<u>1,498,021</u>	<u>6,550,621</u>	<u>32.21</u>
Total expenses	<u>\$ 10,017,291</u>	<u>\$ 2,450,720</u>	<u>\$ 5,827,591</u>	<u>\$ 2,042,484</u>	<u>\$ 20,338,086</u>	<u>100.00%</u>

	Year ended June 30, 2014					
	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies and other</u>	<u>Deprec- iation</u>	<u>Total</u>	<u>% of total operating expenses</u>
Routine services:						
Acute and swing bed	\$ 1,278,196	\$ 279,427	\$ 379,561	\$ 76,367	\$ 2,013,551	10.80%
Nursery	<u>7,687</u>	<u>1,073</u>	<u>4,932</u>	<u>676</u>	<u>14,368</u>	<u>.08</u>
Total routine services	<u>1,285,883</u>	<u>280,500</u>	<u>384,493</u>	<u>77,043</u>	<u>2,027,919</u>	<u>10.88</u>
Ancillary services:						
Operating room	335,319	104,260	136,257	143,944	719,780	3.86
Delivery room	38,274	3,525	9,800	6,303	57,902	.31
Anesthesia	613,712	110,112	45,964	24,888	794,676	4.26
Radiology	221,473	43,502	65,051	76,464	406,490	2.18
MRI	1,202	1	92,641	—	93,844	.50
CT scan	56,014	2,666	103,724	947	163,351	.88
Sleep study	37,802	4,074	40,802	5,102	87,780	.47
Nuclear medicine	27,545	1,863	125,277	—	154,685	.83
Ultrasound	28,666	2,801	9,418	20,331	61,216	.33
Laboratory	351,573	85,770	451,152	54,181	942,676	5.06
Blood administration	2,724	333	32,041	—	35,098	.19
Respiratory therapy	209,923	40,411	19,113	6,430	275,877	1.48
Physical therapy	269,002	61,389	15,545	681	346,617	1.86
Occupational therapy	64,767	9,088	27,588	—	101,443	.54
Speech therapy	—	—	5,244	—	5,244	.03
Electrocardiology	55,473	15,302	713	1,941	73,429	.39
Medical supplies	67,245	23,632	178,031	1,307	270,215	1.45
Pharmacy	95,886	12,014	982,168	20,973	1,111,041	5.96
Treatment room	154,809	47,150	21,264	134	223,357	1.20
Specialty clinics	35,836	6,024	30,798	1,013	73,671	.40
Emergency room	287,161	56,608	94,376	6,366	444,511	2.38
Clinic	2,676,835	521,655	301,466	54,146	3,554,102	19.06
Cardiac rehabilitation	40,898	8,589	2,243	8,933	60,663	.33
Durable medical equipment	87,041	21,907	137,975	292	247,215	1.33
Home health	71,107	18,803	9,446	—	99,356	.53
Ambulance	<u>142,267</u>	<u>22,866</u>	<u>32,436</u>	<u>1,852</u>	<u>199,421</u>	<u>1.07</u>
Total ancillary services	<u>5,972,554</u>	<u>1,224,345</u>	<u>2,970,533</u>	<u>436,228</u>	<u>10,603,660</u>	<u>56.88</u>
General services:						
Nursing administration	129,527	28,689	6,719	—	164,935	.88
Operation of plant	113,685	33,338	506,035	1,733	654,791	3.51
Laundry	53,097	18,279	8,421	2,725	82,522	.44
Housekeeping	169,591	41,148	37,190	—	247,929	1.33
Nutritional services	209,307	59,941	205,154	3,102	477,504	2.56
Health information	360,159	110,504	94,018	7,230	571,911	3.07
Administration and general	1,048,721	240,243	757,067	52,237	2,098,268	11.25
Employee benefits	124,286	144,041	117,334	163	385,824	2.07
Depreciation-fixed equipment and buildings	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,328,693</u>	<u>1,328,693</u>	<u>7.13</u>
Total general services	<u>2,208,373</u>	<u>676,183</u>	<u>1,731,938</u>	<u>1,395,883</u>	<u>6,012,377</u>	<u>32.24</u>
Total expenses	<u>\$ 9,466,810</u>	<u>\$ 2,181,028</u>	<u>\$ 5,086,964</u>	<u>\$ 1,909,154</u>	<u>\$ 18,643,956</u>	<u>100.00%</u>